

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AF-10 ARA-10 EA-10
NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00
SP-02 SOE-02 OMB-01 DOE-15 NSCE-00 SSO-00 ICAE-00
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TO SECSTATE WASHDC NIACT IMMEDIATE 5668
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USMIN

PASS AGRICULTURE ELECTRONICALLT FOR HATHAWAY AND STR
FOR WOLFE

E.O. 11652: N/A
SUBJECT: MAJOR EXPORTER REACTION TO US POSITION ON
COARSE GRAINS AGREEMENT

REF: (A) STATE 108445, (B) GENEVA 3667

1. DURING INFORMAL "EXPORTERS" MEETING, FRIDAY MORNING
APRIL 28, CANADA, AUSTRALIA AND ARGENTINA WERE INFORMED
OF US WILLINGNESS TO NEGOTIATE AN AGREEMENT ON COARSE
GRAINS ALONG LINES INDICATED IN REF (A). ALL EXPORTING
NATIONS WERE SURPRISED AND UNPREPARED FOR CHANGE IN US
POSITION. SPECIFICALLY, REACTIONS TO WHAT WAS DESCRIBED
BY MAJOR EXPORTERS AS A "MAJOR DEVELOPMENT" RE ONGOING
WHEAT NEGOTIATIONS WERE AS FOLLOWS:

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2. ARGENTINA: ZORREGUIETA, UNDER SECRETARY FOR
AGRICULTURE, NOTED THAT THE PROPOSAL TABLED BY
ARGENTINA AT THE RECENT NEGOTIATING CONFERENCE IN GENEVA
(REF B) WAS A FAIR REPRESENTATION OF THE ARGENTINE
POSITION VIZ COARSE GRAINS, I.E., A CONSULTATIVE,
INFORMATION SHARING ARRANGEMENT VOID OF SPECIFIC ACTIONS
OR COMMITMENTS. ZORREGUIETA EMPHASIZED THAT THEIR

PROPOSAL DID NOT PROVIDE A TRIGGER MECHANISM FOR CONSULTATION AND WOULD NOT AGREE TO HAVE AN INDICATION IN THE AGREEMENT. ZORREGUIETA MAINTAINED THAT ARGENTINA HAS LITTLE INTEREST IN AN INTERNATIONAL ARRANGEMENT ON COARSE GRAINS AND WOULD BE RELUCTANT TO SUPPORT A PROPOSAL WHICH GOES BEYOND CONSULTATION MEASURES AS EMBODIED IN THEIR PROPOSAL.

3. AUSTRALIA: MCGOLDRICK, FIRST ASSISTANT SECRETARY, DEPARTMENT OF TRADE AND RESOURCES, REITERATED THAT AUSTRALIA'S INTEREST IN A COARSE GRAINS AGREEMENT WAS MINIMAL BUT THAT THEY COULD ADOPT A POSITION CLOSELY IN LINE WITH ARGENTINA'S. MCGOLDRICK WHILE EMPHASIZING THE NEED FOR FURTHER INSTRUCTION DID IMPLY, HOWEVER, THAT AUSTRALIA UNLIKE ARGENTINA MIGHT BE PREPARED TO ACCEPT AN INDICATOR SCALE AS A TOOL FOR TRIGGERING CONSULTATIONS. ANY SPECIFIC OR IMPLIED COMMITMENTS, WOULD CAUSE GREAT POLITICAL DIFFICULTY DOMESTICALLY AS AUSTRALIA'S CONTROL OVER COARSE GRAIN MARKETING, IN CONTRAST TO WHEAT, IS DE-CENTRALIZED ON A STATE BY STATE BASIS.

4. CANADA: BILL MINER, ASSISTANT DEPUTY SECRETARY, DEPARTMENT OF AGRICULTURE, RESPONDED THAT CANADA COULD SUPPORT THE ARGENTINE CONSULTATIVE PROPOSAL AND WOULD BE WILLING TO ACCEPT INCLUSION IN AN AGREEMENT OF LIMITED OFFICIAL USE

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DEFINITIONAL OUTLINES OF GENERAL MARKET STABILIZING UNDERTAKINGS. SPECIFIC COMMITMENTS, HOWEVER, WOULD BE UNACCEPTABLE. WITH RESPECT TO THE CONCEPT OF NOTIONAL PRICES, OR REFERENCE PRICES WITHIN A COARSE GRAINS AGREEMENT, CANADA WOULD OPPOSE A BASKET INDICATOR APPROACH INCORPORATING ALL COARSE GRAINS BUT MIGHT SUPPORT A PRICE INDICATOR BASED SOLELY ON CORN.

BREWSTER

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